

## Message Text

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FM SECSTATE WASHDC

TO USDEL SECRETARY PRIORITY

S E C R E T STATE 259450 TOSEC 300017

NODIS

FOLLOWING REPEAT TEL AVIV 7145 ACTION SECSTATE 20 OCT 76

QUOTE

S E C R E T TEL AVIV 7145

NODIS

FOR SECRETARY FROM AMBASSADOR

E.O. 11652: GDS

TAGS: ENRG, PFOR, US, EG, IS

SUBJECT: AMOCO DRILLING IN GULF OF SUEZ

REF: STATE 254014

1. IN REVIEWING WITH ME WASHINGTON TALKS WITH ALLON, EVRON  
GAVE FOLLOWING AS HIS UNDERSTANDING OF WHERE WE STAND:

2. EVRON BEGAN BY SAYING THET HE HAD BEEN SHOCKED BY AND  
TOTALLY UNPREPARED FOR THE LONG LIST OF FUTURE OIL DRILLING  
OPERATIONS CONTEMPLATED BY AMOCO WHICH WAS HANDED HIM AT HIS  
FIRST MEETING WITH ATHERTON. HE WAS VERY MUCH SURPRISED BY  
ATHERTON'S POSITIVE ANSWER TO HIS QUESTION REGARDING WHETHER

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U.S. WOULD SUPPORT AMOCO ON ALL THISE OPERATIONS. EVRON FELT

THIS POSTURE HAD IMPROVED THE ISRAELI POSITION BECAUSE ALL ISRAELIS WOULD SUPPORT THE GOVERNMENT'S REFUSAL TO AGREE TO SUCH AN EXTENSIVE DRILLING SCHEDULE IN THE EASTERN HALF OF THE GULF.

3. NONETHELESS, HE FELT THE TALKS HAD BEEN USEFUL BECAUSE THEY HAD CLARIFIED MANY POINTS WHICH HAD BEEN UNCLEAR. THE ISRAELIS HAD BEEN PROVIDED DOCUMENTS AND THIS HELPED THEM KNOW THE EXACT NATURE OF THE SUBJECT UNDER DISCUSSION. THESE DOCUMENTS CLEARLY REFLECT THE EXISTENCE OF A FORCE MAJEURE CLAUSE IN THE CONTRACT. THE DOCUMENTS ALSO REFLECTED THAT IT WAS NOT STRICTLY AN AMERICAN FIRM WHICH WAS INVOLVED ALTHOUGH THE 1964 CONCESSIONS HAD LEFT SOME DOUBT ON THIS POINT. THE OPERATIONS ARE CARRIED OUT BY A JOINT U.S./ EGYPTIAN COMPANY REGISTERED IN EGYPT AND NOT BY A PURELY UNITED STATES COMPANY AS THE ISRAELIS ASSUMED FROM OUR DISCUSSIONS IN SEPTEMBER.

4. EVRON AND DINITZ MADE A PROPOSAL TO ATHERTON WHICH WAS LATER REPEATED BY ALLON TO YOU WHICH REFLECTED RABIN'S DESIRE TO SETTLE THE ISSUE AND CLEAR THE AIR. THE PROPOSAL WAS THAT WHICH HAD BEEN PUT FORWARD BY EVRON ON A PERSONAL BASIS TO ME IN EARLY SEPTEMBER WHICH WOULD PERMIT DRILLING AT SITE 304.1 AND A FREEZE ON FURTHER OPERATIONS. EVRON SAID YOU HAD TENTATIVELY AGREED ALTHOUGH YOU SPOKE OF THREE OR FOUR ADDITIONAL DRILLING POINTS. YOU UNDERSTOOD THAT IT WOULD BE NOVEMBER OR DECEMBER BEFORE DRILLING OPERATIONS COULD BEGIN AT 304.1 AND THOSE OPERATIONS WOULD TAKE SIX TO EIGHT MONTHS. BY THAT TIME NEGOTIATIONS MIGHT BE STARTED WITH EGYPT AND A BETTER POLITICAL CLIMATE WOULD ENSUE. EVRON ASKED WHETHER THE UNITED STATES WOULD AUTOMATICALLY SUPPORT EGYPT AND AMOCO IN THEIR REQUEST FOR FURTHER DRILLING OPERATIONS AND THIS ANSWER SEEMED NEGATIVE BUT FUZZY. HOWEVER, ALLON SAID HE COULD NOT AGREE TO THIS BECAUSE THE ISRAELIS WOULD HAVE NO ASSURANCE THAT THE SUBJECT WOULD NOT ARISE AGAIN IN SIX MONTHS. (EVRON NOTED THAT THIS WOULD BE JUST PROPR TO ISRAELI ELECTIONS AND THUS WOULD BE AWKWARD.) THEY WOULD NEED AN ARRANGEMENT WHICH WOULD ENSURE AT LEAST A YEAR'S QUIET. ALLON WAS TOLD THAT WE WOULD GO BACK TO THE EGYPTIANS AND SEEK AN EXTENSION OF THE TERMS OF THE

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CONCESSIONS TO PERMIT THE PROBLEM TO BE RESOLVED.

5. AT MY REQUEST EVRON THEN REVIEWED THE SPECIFIC POINTS OF THE DISPUTE AS THEY EXIST AFTER THW WASHINGTON TALKS. ISRAEL WILL PERMIT AMOCO TO DRILL AT SITE 304.1 IF THEY ARE INFORMED IN ADVANCE AND IF THERE ARE NO REQUESTS FOR FURTHER DRILLING. EACH SIDE WILL REMAIN COMMITTED TO ITS BELIEFS AND EXPRESSED PRINCIPLES - E.G., THE MEDIAN LINE AND DRILLING

RIGHTS. THE SUBJECT OF FURTHER OIL DRILLING IN THE GULF OF SUEZ WOULD BE DISCUSSED IN THE NEXT ROUND OF GENERAL NEGOTIATIONS WITH EGYPT. ISRAEL CANNOT ABDICATE ITS POSITION IN THE EASTERN HALF OF THE GULF BUT IS PREPARED TO GIVE AN ASSURANCE - AS ALLON DID WITH YOU - THAT IT DOES NOT INTEND ITSELF TO DRILL FOR OIL IN THE RAMADAN FIELD. IT SHOULD BE CLEARLY UNDERSTOOD THAT THERE WILL BE NO FURTHER DRILLINGS WITHOUT SPECIFIC APPROVAL FROM ISRAEL AND FOR THAT APPROVAL ISRAEL WILL SEEK AN APPROPRIATE QUID PRO QUO. ISRAEL UNDERSTANDS THAT THE UNITED STATES WILL DISCUSS THESE POINTS WITH EGYPT AND WITH AMOCO AND THAT, WHILE NO DEADLINES EXIST, THE UNITED STATES AND ISRAEL WILL DISCUSS THIS SUBJECT AGAIN IN THE NEAR FUTURE. EVRON SAID THAT HE BELIEVED THAT YOU WILL KEEP THIS SUBJECT UNDER YOUR PERSONAL SURVEILLANCE.

6. I COMMENTED THAT EGYPT COULD NOT BE EXPECTED TO BE ENTHUSIASTIC ABOUT THESE POINTS. EVRON SIMPLY SAID THIS WAS TOO BAD AND THAT ISRAEL IS NOT ENTHUSIASITC EITHER. HE THEN READ FROM THE REPORTING TELEGRAM TO JERUSALEM AFTER ALLON'S DISCUSSIONS IN WASHINGTON THE FOLLOWING SUMMATION: "IT IS AGREED THAT THE TWO PARTIES COULD CONTINUE CONTACTS AND IN THE MEANTIME THERE WAS TO BE NO RENEWAL OF DRILLING AND THE STATUS QUO IS TO BE MAINTAINED." EVRON CONCLUDED BY SAYING IT HAD BEEN A MISTAKE ON THE PART OF AMOCO AND OF EGYPT NOT TO HAVE PROVIDED FULL DETAILS AND FACTS ABOUT THE DRILLING OPERATIONS WHILE THE TALKS WERE UNDERWAY IN ISRAEL. THIS WOULD HAVE PROVIDED BOTH SIDES WITH THE DETAIL TO SEARCH FOR A WAY OUT OF THE IMPASSE.

7. I CANNOT BE SURE FROM REFTEL - SOLE AND CLEARLY BARE-BONES REPORT TO ME OF WASHINGTON TALKS - THAT OUR UNDERSTANDINGS JIBE. I WOULD APPRECIATE YOUR VIEWS SOONEST. WE

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HAVE TOO OFTEN IN PAST HAD DIFFERING INTERPRETATIONS OF WHAT WAS AGREED BY PRINCIPALS, AND I FEEL WE SHOULD DO OUR BEST TO AVOID FUTURE DUST-UPS.

TOON

UNQUOTE ROBINSON

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